

BEHAVIORAL HEALTH

OVERVIEW OF BUDGET

DEPARTMENT: BEHAVIORAL HEALTH

DIRECTOR: RUDY G. LOPEZ

2003-04

	<u>Appropriation</u>	<u>Revenue</u>	<u>Local Cost</u>	<u>Fund Balance</u>	<u>Staffing</u>
Behavioral Health	121,398,270	119,555,517	1,842,753	-	688.0
Alcohol & Drug	20,063,339	19,913,881	149,458	-	91.5
Special Patient	3,800	3,800		-	-
Total	141,465,409	139,473,198	1,992,211	-	779.5

BUDGET UNIT: BEHAVIORAL HEALTH (AAA MLH)

I. GENERAL PROGRAM STATEMENT

The Department of Behavioral Health (DBH) is responsible for providing mental health services to county residents who are either unable to afford treatment or do not live in proximity to private services. Treatment is provided to all age groups, with primary emphasis placed on treating children, families and chronically mentally ill adults (in that priority). Services are delivered throughout the county via a network of department operated clinics, community based contract providers (residential and psychiatric skilled nursing facilities and acute hospitals), public schools and other community based settings. Services include: information and referrals, community outreach, client self-help and support groups, a variety of children's programs, mentally ill homeless program, employment services, case management, crisis and transitional residential assistance, augmented board and care placements, conservatorship services, supportive housing services and client transportation assistance. The department also operates as a training setting by administering various internship programs and offering continuing education for licensed department and contractor staff.

Mental health services are principally funded by realignment funds generated from state sales tax and vehicle license fees (56%), state revenues (18%) and federal revenue (23%). The remaining three percent of revenue sources are insurance/patient fees and other miscellaneous revenue. In addition, the county must fund the required realignment revenue maintenance of effort (MOE). The department's local cost of \$1,842,753 finances the required MOE.

II. BUDGET & WORKLOAD HISTORY

	<u>Actual</u> <u>2001-02</u>	<u>Budget</u> <u>2002-03</u>	<u>Estimated</u> <u>2002-03</u>	<u>Department</u> <u>Request</u> <u>2003-04</u>
Total Requirements	94,992,130	113,215,605	118,700,131	121,398,270
Total Revenue	93,149,377	111,372,852	116,857,378	119,555,517
Local Cost	1,842,753	1,842,753	1,842,753	1,842,753
Budgeted Staffing		734.1		688.0
<u>Workload Indicators</u>				
Inpatient Days	43,550	43,625	-	-
Habilitative Day Treatment Days	57,884	54,000	-	-
Outpatient Service Hours	540,779	517,854	-	-
Residential Days	109,597	117,000	-	-
Unduplicated Clients	34,014	32,140	-	-
Managed Care Autho/Reviews/Claims	35,804	32,848	-	-
<u>Direct Billable Hours:</u>				
CLINIC	185,996		193,099	202,754
CONTRACT	59,402		64,861	68,104
Fee For Service	22,552		23,053	24,205
Medical Administrative Activity Hours	29,987		31,901	33,496
Quality Assurance hours	7,961		8,123	8,120
Outreach hours clinic & contract	69,506		72,402	75,764
<u>Day Treatment Hours:</u>				
Habilitative (Clinic and Contract)	57,884		56,749	-
Intensive			-	20,800

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Significant variances between estimated and budget for 2002-03 existed in contract agency costs, state hospital costs and state aid.

The ARMC contract was re-negotiated which translated into an additional cost of \$5.0 million for 2002-03; increased rates more accurately reflect the cost for providing treatment at ARMC. The 2003-04 cost impact of this rate adjustment is estimated at \$5.2 million.

State hospital costs were expected to drop by 50% in the current year due to the anticipated addition of the Assertive Community Treatment (ACT) contract. ACT services enable the consumer to live in lower levels of care at a lower cost to the county. However, due to a lengthy RFP process, the ACT contract was not in place until mid-year and as a result the state hospital bed usage remained the same. The ACT contract provides services to mentally ill consumers who are high users of emergency and inpatient psychiatric services and those at risk of needing such care. DBH is actively trying to transition patients away from the higher-level setting and the 2003-04 budget reflects the anticipated change.

The 2002-03 budget included state aid for AB3632, SB90 and full Children's System of Care (CSOC) funding. AB3632 is a state mandated program for services to special education pupils (SEP) and state revenue of \$721,688 was included in the 2002-03 budget for this program. Additional funds of \$900,000 (primarily for the AB3632 program) were budgeted as SB90 revenue to cover the portion of mandated program costs beyond the budgeted revenue. The SB90 program reimburses the county for unfunded state mandated services. Funding for both these programs was eliminated from the state budget. In addition, half of the funding (\$650,000) budgeted for the CSOC program was also eliminated. CSOC provides services to seriously emotionally disturbed children at risk for out of home placement and those children already in placement who are at risk for higher levels of care. In an effort to offset the reduction in funding, the department postponed planned system upgrades (\$900,000). Realignment revenue will be used to backfill the remaining revenue losses.

Workload indicators have been changed to better reflect the activity of department staff. With regionalization in the department and a move towards the Recovery Model, the existing workload indicators did not provide a tool that could be used to measure outcomes. The department is moving away from Day Treatment Habilitative services and focusing more on providing Intensive Day Treatment. Intensive Day Treatment is designed to prevent hospitalization for high-risk consumers and places an emphasis upon assessment of consumers' activities of daily living and vocational skills, and services targeted at enhancing clients' self-sufficiency and ability to function as members of the community.

III. HIGHLIGHTS OF RECOMMENDED PROGRAM FUNDED ADJUSTMENTS

STAFFING CHANGES

Budgeted staffing changes include the deletion of 46.1 budgeted vacant and Extra Help positions as part of the Department's plan to reduce use of Realignment funding. The proposed budget also includes an increase of \$583,000 to fund an MOU between DBH and the Human Services System (HSS). The MOU provides for 12 HSS positions (which will be retained by HSS) for assignment to DBH clinics. These positions will enable DBH to: expand the centralized employment component to all the regions of the county, assist clients in obtaining health benefits, screen and refer potential clients to needed services.

PROGRAM CHANGES

The majority of Behavioral Health services are funded with State Realignment revenues. In recent years, appropriations have included a combination of ongoing Realignment funds as well as use of unspent Realignment fund balance. Analysis of projected revenues, as well as use of fund balance over the next two fiscal years, indicated the need to significantly reduce expenditures beginning in 2003-04 rather than attempt to make dramatic cuts in 2004-05. To better align spending with receipt of ongoing Realignment funding, this budget proposes a fiscal "glide path" which spreads cuts over two fiscal years. The 2003-04 Proposed Budget would reduce the Department's reliance upon Realignment funding by approximately \$8.0 million.

The department reduced operating costs as part of a two-year plan to decrease use of Realignment fund balance. These cost reductions include a net decrease of \$8.5 million in services and supplies expenditures primarily due to a \$6.2 million reduction in contracted services to align with 2002-03 service levels. Other reductions include \$1.1 million in equipment costs by foregoing office furniture purchases, and suspending the personal computer replenishment program. Expenditures for software were decreased by \$1.38 million. Reductions also included the

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redesignation of \$6.5 million in structure leases and Fee for Service Inpatient payments as Transfers to comply with recent accounting guideline changes (GASB 34). The decreases were partially offset by an increase of \$5.2 million in the contract with the Arrowhead Regional Medical Center for inpatient services. Other increases include \$1.3 million for medications provided to adult inmates (a cost previously borne by general fund allocation to the Sheriff's Department), \$961,000 in COWCAP charges, and \$550,000 for anticipated payments to Fee-For-Service providers for outpatient services to indigents in the high desert region.

State, federal and governmental aid reflects a net decrease of \$7.5 million. Approximately \$3 million in funding for CSOC, AB3632 and SB90 programs was eliminated by the state and \$527,000 in state grant funds for the Mentally Ill Offender program was discontinued (the grant program concluded). Other decreases included a \$1 million reduction in Medi-Cal FFP and a \$7.8 million reduction in use of Realignment funds. These decreases were offset by a \$2.5 million increase in EPSDT revenue, and \$525,000 in combined increased revenues for Managed Care, Homeless Recovery and Medicare. In addition, \$1.8 million was reclassified from other charges to the state, federal and governmental aid category to conform to accounting guidelines.

OTHER CHARGES

Other charges include an increase in state hospital costs of \$1.3 million. While this reflects an increase, DBH is continuing efforts to transition patients away from the higher-level setting through the previously discussed ACT contract in an effort to contain these costs. Accounting changes to Other Charges resulted in reclassifying \$1.8 million in local cost charges to the operating transfers category and \$1.8 million in local cost reimbursement (recorded as other charges) to revenue. These were offsetting entries that resulted in no overall change to other charges, but were done to conform to accounting guidelines.

Transfers out increased primarily due to the reclassification of structure leases from the services and supplies category. The reclassification will allow the funds to be transferred to Real Estate Services who will assume the responsibility for disbursing lease payments.

Operating transfers out decreased by \$1.4 million. The 2002-03 budget included \$6.0 million for the Phoenix construction project and \$2.1 million for the Bldg. H Remodel. Since the Phoenix project will be nearly complete in 2002-03, only \$400,000 was budgeted for finishing it in 2003-04. Additionally, the Bldg. H project has been delayed, resulting in only half of the project cost being budgeted for 2003-04. These project revisions resulted in a net reduction to operating transfers of \$6.7 million. The decrease was partially offset by the reclassification of Inpatient Fee-For-Service Managed Care payments of \$3.5 million from the services and supplies category to operating transfers out. In addition, \$1.8 million was reclassified from Other Charges to this category.

IV. VACANT POSITION IMPACT

The department has a total of 12.4 vacant budgeted positions in its 2003-04 Department Request Budget. The breakdown of these positions is as follows:

Vacant Budgeted Not In Recruitment	6.4	Slated for Deletion
Vacant Budgeted In Recruitment	<u>6.0</u>	Retain
Total Vacant	12.4	

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Vacant Position Restoration Request :

The department has submitted policy items for the restoration of the 6.4 vacant budgeted positions that are slated for deletion. The County Administrative Office recommends Policy Item #1 which would restore the department's request of 4.6 vacant budgeted positions for clinic operations. This restoration is being recommended because these are difficult to recruit positions and their cost is offset by revenue.

CAO Rec	Item	Program	Budgeted Staff	Program Description
x	1	Clinic Operations	4.6 \$545,750 Revenue Supported	These positions (3.0 Psychiatrists and 1.6 Mental Health Nurse II) perform direct client services that are necessary to maintain department revenues and performance outcomes. Restoration of these positions will enable DBH to maintain compliance with medicare and medi-cal.
	2	Administrative Support	1.8 \$101,572 Revenue Supported	Restoration of the two .5 budgeted secretaries will enable DBH to provide secretarial support to the Mental Health Commission and provide general administrative support to the department Deputy Directors. The 0.8 Mental Health Supervisor is responsible for the overall operations of an outpatient clinic and delivers direct client services, doing clinical reviews and quality assurance monitoring.

V. OTHER POLICY ITEMS

None.

VI. FEE CHANGES

None.

GROUP: Human Services System
DEPARTMENT: Behavioral Health
FUND: General AAA MLH

FUNCTION: Health & Sanitation
ACTIVITY: Hospital Care

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ANALYSIS OF 2003-04 BUDGET

	A	B	C	D	B+C+D E Board Approved Base Budget
	2002-03 Year-End Estimates	2002-03 Final Budget	Base Year Adjustments	Mid-Year Adjustments	
<u>Appropriation</u>					
Salaries and Benefits	42,532,851	42,382,851	4,629,560	-	47,012,411
Services and Supplies	63,034,403	60,740,763	11,293,437	-	72,034,200
Central Computer	550,342	550,342	(142,440)	-	407,902
Other Charges	6,726,833	2,943,804	-	-	2,943,804
Equipment	-	198,000	-	-	198,000
Transfers	<u>2,708,794</u>	<u>2,462,419</u>	<u>-</u>	<u>-</u>	<u>2,462,419</u>
Total Exp Authority	115,553,223	109,278,179	15,780,557	-	125,058,736
Reimbursements	<u>(5,988,592)</u>	<u>(4,198,074)</u>	<u>-</u>	<u>-</u>	<u>(4,198,074)</u>
Total Appropriation	109,564,631	105,080,105	15,780,557	-	120,860,662
Operating Transfers Out	9,135,500	8,135,500	-	-	8,135,500
Total Requirements	118,700,131	113,215,605	15,780,557	-	128,996,162
<u>Revenue</u>					
Current Services	256,772	289,666	-	-	289,666
State, Fed or Gov't Aid	114,916,509	109,341,375	15,780,557	-	125,121,932
Other Revenue	<u>1,684,097</u>	<u>1,741,811</u>	<u>-</u>	<u>-</u>	<u>1,741,811</u>
Total Revenue	116,857,378	111,372,852	15,780,557	-	127,153,409
Local Cost	1,842,753	1,842,753	-	-	1,842,753
Budgeted Staffing		734.1	-		734.1

GROUP: Human Services System
DEPARTMENT: Behavioral Health
FUND: General AAA MLH

FUNCTION: Health & Sanitation
ACTIVITY: Hospital Care

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ANALYSIS OF 2003-04 BUDGET

	E	F	E+F	H	G+H	J	I + J
	Board	Recommended	G		I		K
	Approved	Program	2003-04	Vacant	2003-04	Recommended	2003-04
	Base	Funded	Department	Position	Proposed	Vacant	Recommended
	Budget	Adjustments	Request	Impact	Budget	Restoration	Budget
					(Adjusted)		
Appropriation							
Salaries and Benefits	47,012,411	(983,681)	46,028,730	(647,322)	45,381,408	545,750	45,927,158
Services and Supplies	72,034,200	(8,573,384)	63,460,816	-	63,460,816	-	63,460,816
Central Computer	407,902	-	407,902	-	407,902	-	407,902
Other Charges	2,943,804	1,160,421	4,104,225	-	4,104,225	-	4,104,225
Equipment	198,000	(198,000)	-	-	-	-	-
Transfers	2,462,419	2,287,920	4,750,339	-	4,750,339	-	4,750,339
Total Exp Authority	125,058,736	(6,306,724)	118,752,012	(647,322)	118,104,690	545,750	118,650,440
Reimbursements	<u>(4,198,074)</u>	<u>101,579</u>	<u>(4,096,495)</u>	<u>-</u>	<u>(4,096,495)</u>	<u>-</u>	<u>(4,096,495)</u>
Total Appropriation	120,860,662	(6,205,145)	114,655,517	(647,322)	114,008,195	545,750	114,553,945
Operating Transfers Out	<u>8,135,500</u>	<u>(1,392,747)</u>	<u>6,742,753</u>	<u>-</u>	<u>6,742,753</u>	<u>-</u>	<u>6,742,753</u>
Total Requirements	128,996,162	(7,597,892)	121,398,270	(647,322)	120,750,948	545,750	121,296,698
Revenue							
Current Services	289,666	(21,167)	268,499	-	268,499	-	268,499
State, Fed or Gov't Aid	125,121,932	(7,539,322)	117,582,610	(647,322)	116,935,288	545,750	117,481,038
Other Revenue	1,741,811	(37,403)	1,704,408	-	1,704,408	-	1,704,408
Total Revenue	127,153,409	(7,597,892)	119,555,517	(647,322)	118,908,195	545,750	119,453,945
Local Cost	1,842,753	-	1,842,753	-	1,842,753		1,842,753
Budgeted Staffing	734.1	(46.1)	688.0	(6.4)	681.6	4.6	686.2

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Base Year Adjustments

Salaries and Benefits	1,418,575	MOU.
	2,300,215	Retirement.
	643,249	Risk Mgmt Worker's comp.
	267,521	Full year funding for West Valley Detention Center mid-year minute order #79.
	<u>4,629,560</u>	
Services and Supplies	11,076,579	EPSDT Minute order #60 dated January 14, 2003.
	225,752	Risk Management Liabilities.
	(8894)	Incremental Change in EHAP.
	<u>11,293,437</u>	
Central Computer	<u>(142,440)</u>	
Subtotal Base Year Appropriation	<u>15,780,557</u>	Increase Medical, EPSDT and Realignment.
Revenue	5,538,289	Increase in Medi-Cal for EPSDT contracts (Minute order #60).
	5,538,290	Increase in Realignment in lieu of state EPSDT revenue (Minute order #60).
	4,703,978	Increased Realignment required to fund base year adjustments.
	<u>15,780,557</u>	
Subtotal Base Year Revenue	<u>15,780,557</u>	
Subtotal Base Year Local Cost	<u>-</u>	

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Recommended Program Funded Adjustments		
Salaries and Benefits	583,854	ESS positions from HSS MOU.
	(1,567,535)	Reduction of 46.1 positions.
	<u>(983,681)</u>	
Services and Supplies	5,201,000	ARMC contract increase.
	1,300,000	Medication for incarcerated adults.
	(3,500,000)	Fee-for-Service Inpatient payments now being paid out of operating transfers out.
	(3,083,909)	Real Estate services will be assuming responsibility for rents/lease payments. The budget has been recategorized to intra-fund transfers.
	(1,380,669)	Software reduction. Removed plans to upgrade the existing client data system.
	(1,117,256)	Reduce equipment; 1/3 PC replenishment has been put on hold and furniture orders are expected to be reduced significantly in 2003-04.
	961,137	COWCAP increase.
	(600,000)	Align budget with current year actuals for Fee-for-Service contracts.
	(468,247)	Reduction in incorporated MD contracts.
	(217,085)	Reduce professional fees.
	550,000	Anticipated Fee-for-Service provider payments for indigent services. This was not budgeted in 2002-03.
	135,097	Increase malpractice insurance.
	(100,000)	Decrease motor pool.
	(6,284,513)	Reduction in contracted services to 2002-03 levels.
	31,061	Miscellaneous changes.
	<u>(8,573,384)</u>	
Other Charges	1,324,961	Increase state hospitals costs.
	(164,540)	Reduction in interim assistance for clients.
	(1,842,753)	Local cost accounting change now reflected as operating transfers out.
	1,842,753	Local cost accounting change now reflected in revenue.
	<u>1,160,421</u>	
Equipment	<u>(198,000)</u>	No new equipment budgeted.
Transfers	2,903,909	Real Estate Services will be assuming responsibility for rents/lease payments. Previously budgeted in services and supplies.
	28,536	HSS Administration increase.
	127,271	EHAP costs.
	2,511	HRD salary and benefit cost increases.
	(500,000)	Eliminated reimbursement to the alcohol & Drug Program for aftercare services.
	(274,307)	Reduction in transfers to Public Health and Probation due to loss of CSOC funding.
	<u>2,287,920</u>	
Reimbursements	101,579	Reduction in interagency agreements.
	<u>101,579</u>	
Total Appropriation	<u>(6,205,145)</u>	
Operating Transfers Out	(5,635,500)	Phoenix construction project near completion.
	(1,100,000)	Reduce Building H project.
	1,842,753	Local cost accounting change. Reclassed from other charges.
	3,500,000	Fee-for-service Inpatient payments, formerly paid out of services and supplies.
	<u>(1,392,747)</u>	
Total Requirements	<u>(7,597,892)</u>	
Revenue		
Current Services	<u>(21,167)</u>	Anticipated decrease in patient pay and insurance.
State, Fed or Gov't Aid	(1,300,000)	CSOC funding eliminated.
	(721,668)	AB3632 funding eliminated.
	(900,000)	SB90 funding eliminated.
	(527,107)	Elimination of MIOCR I (SPAN) grant.
	(1,091,581)	Reduction in Medical FFP.
	173,553	Estimated increase in Medicare revenue.
	2,510,405	Change to EPSDT program base.
	(7,847,773)	Decrease realignment.
	104,809	State allocation increase for homeless program.
	247,960	State allocation increase for managed care program.
	1,842,753	Local cost accounting change reclassified from other charges.
	(30,673)	Miscellaneous.
	<u>(7,539,322)</u>	
Other Revenue	<u>(37,403)</u>	Reduction due to state-wide budget cuts.
Total Revenue	<u>(7,597,892)</u>	
Local Cost	<u>-</u>	

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Vacant Position Impact Summary

	Authorized	Budgeted Staffing	Salary and Benefit Amount	Revenue	Local Cost
Vacant Budgeted Not In Recruitment - Delete	8.0	6.4	647,322	647,322	-
Vacant Budgeted In Recruitment - Retain	9.0	6.0	295,666	295,666	-
Total Vacant	17.0	12.4	942,988	942,988	-
Recommended Restoration of Vacant Deleted	5.0	4.6	545,750	545,750	-

Vacant Position Impact Detail

	Position Number	Budgeted Staffing	Salary and Benefit Amount	Revenue	Local Cost
<u>Vacant Budgeted Not In Recruitment</u>					
<i>Mental Health Clinic Superv.</i>	7832	(0.8)	(61,994)	(61,994)	-
<i>Secretary I</i>	4458	(0.5)	(19,789)	(19,789)	-
<i>Secretary I</i>	5659	(0.5)	(19,789)	(19,789)	-
Subtotal Recommended - Delete		(1.8)	(101,572)	(101,572)	-
<i>Mental Health Nurse II</i>	4184	(0.8)	(51,597)	(51,597)	-
<i>Mental Health Nurse II</i>	6218	(0.8)	(51,597)	(51,597)	-
<i>Psychiatrist</i>	3709	(1.0)	(123,606)	(123,606)	-
<i>Psychiatrist</i>	3714	(1.0)	(195,344)	(195,344)	-
<i>Psychiatrist</i>	6798	(1.0)	(123,606)	(123,606)	-
Subtotal Recommended - Retain		(4.6)	(545,750)	(545,750)	-
Total Slated for Deletion		(6.4)	(647,322)	(647,322)	-
<u>Vacant Budgeted In Recruitment - Retain</u>					
<i>Clinical Therapist I</i>	926	0.5	25,305	25,305	-
<i>Clinical Therapist I</i>	10393	0.5	29,944	29,944	-
<i>Clinical Therapist I</i>	11623	0.5	30,396	30,396	-
<i>Clinical Therapist I</i>	17130	0.5	29,944	29,944	-
<i>Clinical Therapist I</i>	5482	0.5	29,944	29,944	-
<i>General Services Worker II</i>	73338	0.5	12,996	12,996	-
<i>Psychiatric Tech I</i>	14933	1.0	43,111	43,111	-
<i>Secretary II</i>	14931	1.0	41,740	41,740	-
<i>Social Worker II</i>	75536	1.0	52,286	52,286	-
Total in Recruitment - Retain		6.0	295,666	295,666	-

NOTE: If applicable, the vacant position will be bolded if included in the 30% Cost Reduction Plan not yet implemented.
If applicable, the seasonal vacant position that is currently not filled will indicate which months they are needed.